



# REPORT TO COUNCIL

## City of Sacramento

# 20

915 I Street, Sacramento, CA 95814-2604  
www.CityofSacramento.org

Consent  
August 1, 2006

Honorable Mayor and  
Members of the City Council

**Title:** Sewer Credits Approval: Marriott Residence Inn

**Location/Council District:** 1501 L Street; Council District 1

**Recommendation:** Adopt a Resolution awarding a total of 52.75 Sacramento Regional County Sanitation District (SRCSD) connection fee credits to the described project known as "Marriott Residence Inn."

**Contact:** Micah Runner, Senior Project Manager: 808-5448

**Presenters:** n/a

**Department:** Economic Development

**Division:** Citywide

**Organization No:** 4453

### Description/Analysis

**Issue:** The City of Sacramento's Economic Development Department recommends approval of the attached resolution awarding 52.75 additional SRCSD sewer credits to the project known as Marriott Residence Inn located at 1501 L Street (APN #: 006-0122-010) at the northeast corner of the intersection of 15<sup>th</sup> and L streets.

**Policy Considerations:** The City of Sacramento views projects that promote urban infill development as an important cornerstone of the City's economic development. The City of Sacramento also supports such projects to make Sacramento the most Livable City in America. Approval of the subject recommendation serves to promote this City policy objective.

**Environmental Considerations:** This project is subject to the environmental review process as part of the approval of its development application.

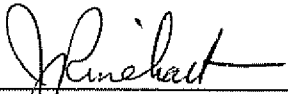
**Rationale for Recommendation:** This candidate for sewer credits meets Council-approved criteria for the granting of sewer credits because it is a high-density mixed-use urban infill project. To promote the goal of making Sacramento the most Livable City in America, it is recommended that Council




grant the additional 52.75 sewer connection fee credits to the Marriott Residence Inn project currently under construction. The project will bring over 50 new jobs to Downtown, a total of 30 new permanent housing units to the Central City, and will serve as a catalyst for further high-density, mixed-use and urban infill projects near the project site.

**Financial Considerations:** Approval of the resolution imposes no additional expense upon the City beyond the minimal administrative costs associated with processing the approved credits.

**Emerging Small Business Development (ESBD):** Not Applicable

Respectfully Submitted by:   
James R. Rinehart  
Citywide Development Manager

Recommendation Approved:

  
Ray Kerridge  
City Manager

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**Attachment 1**

**BACKGROUND:**

The Sacramento Regional County Sanitation District (SRCSD) established an Economic Development Treatment Capacity Bank (Bank) in June 2000 and the City of Sacramento received the June 2000 initial allocation of 7,971 Equivalent Single Family Dwellings (ESDs) Credits from the Bank. At the time, SRCSD limited local jurisdictions to using a maximum of 15 percent of its total allocation for residential purposes. The City of Sacramento subsequently received another allocation of 756 ESDs in March 2005, bringing the total ESDs to 8,727.

Following the allocation, the City requested greater latitude to use the Credits to assist in housing development. In response to the City's request, SRCSD reconvened the Stakeholders' Working Group to discuss the proposed additional flexibility for residential purposes, to recommend a methodology for allocation of additional excess capacity that the District has purchased, to recommend disbursement guidelines for the District's own allocation from the Bank, and to address other administrative actions.

Amendments in Resolution 2006-457 expanded the additional 15 percent annual allocation to also include infill and transit-oriented housing. This permitted each local jurisdiction to have more flexibility in using the Bank. As of July 2006, the City of Sacramento has issued 1445.56 Credits in sewer credits since the program's inception. Since Resolution 2006-457, the City has issued 109.98 Credits: 90.98 Credits for commercial and 19.00 Credits for residential projects.

Resolution 2006-457 approved the amended MOU between the Sacramento Regional County Sanitation District (SRCSD) and the City and authorized the City Manager to execute the amended MOU. The Resolution also approved the Guidelines for the allocation and awarding of Treatment Capacity Bank Credits for commercial development, Downtown, low-income, and infill / transit-oriented development (TOD) projects.



**Sacramento Regional County Sanitation District**  
 10545 Armstrong Ave., Ste. 101  
 Mather, California  
 95655

**July 5, 2006**  
**Emailed to: Todd Rudd**  
**cornicedevco@sbcglobal.net**

**TO: WHOM IT MAY CONCERN**

**Contact: Todd Rudd**  
 340-3100

**FROM: DOLORES ROSS**  
 SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT

**RE: SEWER IMPACT FEES**  
**1501 "L" St. - C.D. 1**

**APN: 006-0122-010**  
**Case No. SWD2003-01132**

On December 16, 2003, 96.24 ESDs were awarded by the City of Sacramento from the Economic Development Treatment Capacity Bank to **Marriott Residence Inn**, located at 1501 "L" Street in Sacramento.

The original sewer fee quote submitted for consideration for Bank credits was based on 250 hotel rooms. The current impacts of the Inn are listed below:

	<u>ESDs</u>	<u>Rate</u>	<u>Fee</u>
Impact:			
235 extended-stay hotel rooms @ 0.75 ESDs/room	176.25		
30 condominium units @ 0.75 ESDs/unit	22.50		
2,000 sq. ft. dine-in restaurant @ 2.0 ESDs/sq.ft.	4.00		
Credit - Previous Use (Church):			
18,800 sq.ft. x 0.2 ESDs/1,000 sq.ft.	<u>-3.76</u>		
Total Impact	198.99		
ESDs Awarded 12-16-03	<u>96.24</u>	\$ 923	\$ 88,830
Balance of ESDs Due	102.75	\$ 2,700	<u>\$ 277,425</u>
			\$ 366,255

These fees are valid through March 31, 2007. Payment of this fee must be accompanied by a Sewer Impact Fee form which is available at our office. If I may be of further assistance, please do not hesitate to call me at 876-6063.

cc: City of Sacramento  
 Micah Runner

*Fees are subject to adjustment if the data supplied is changed.*

[www.srcsd.com](http://www.srcsd.com)  
 e-mail: rossid@SacCounty.NET

**CITY OF SACRAMENTO  
ECONOMIC DEVELOPMENT DEPARTMENT**

**Attachment 3**

Updated: 07/14/2006

Project Name	Project Address	Project Type	Council District	Date App Rcv'd	Number Empl / Units	Credits Awarded	Credits Balance
							<b>5452.018</b>
CADA Livework	1510 16th Street	Low-Income	4	07/07/2006	8	8.0	5444.02
Dinner My Way	1900 Terracina Way	Commercial	1	06/22/2006	10	0.62	5443.4
Dolce Spa	6450 Folsom Blvd.	Commercial	3	06/27/2006	6	1.20	5442.2
Fins Market & Grill	1901 S Street	Commercial	4	07/06/2006	40	5.0	5437.2
Pannu's Pizza Pala	4391 Gateway Park	Commercial	1	06/30/2006	6	3.42	5433.78
Rio Linda Project	3538 Rio Linda Blvd	Low-Income	2	07/06/2006	11	11.0	5422.78
Rubicon Partners	926 J Street, 5th Fl	Commercial	1	06/21/2006	100	72.87	5349.91
Spices a Taste of	1850 Del Paso Road	Commercial	1	04/27/2006	15	5.0	5344.91
Starbucks	2992 65th Street	Commercial	3	06/09/2006	10	2.87	5342.04
							<b>109.98</b>

Friday, July 14, 2006

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**RESOLUTION NO.**

Adopted by the Sacramento City Council

**AWARD SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT (SRCSD)  
CONNECTION FEE CREDITS FOR MARRIOTT RESIDENCE INN PROJECT**

**BACKGROUND**

- A. On March 20, 2001, City Council authorized the City Manager to sign a Memorandum Of Understanding (MOU) to initiate City participation in the Sacramento Regional County Sanitation District Economic Development Treatment Capacity Bank (CC2001-177);
- B. On June 20, 2006, City Council approved Resolution 2006-457, amending the Memorandum of Understanding (MOU) between the Sacramento Regional County Sanitation District (SRCSD) and the City, and guidelines for the allocation and awarding of Treatment Capacity Bank Credits (Credits) for commercial development, Downtown, low-income, and infill / transit-oriented development projects.
- C. On December 16, 2003, City Council approved Resolution 2003-877, awarding 96.24 ESD Credits to the Marriott Residence Inn at 1501 L Street.
- D. In July 2006, SRCSD issued a new quote for the project, showing an additional impact of 102.75 ESDs due to revisions in the project's scope and impacts. The project now includes 235 extended-stay hotel rooms, 30 condominium units, and a dine-in restaurant.
- E. After negotiations with the developer, Staff has determined that an award of 52.75 sewer credits is appropriate for the project, leaving 50 ESDs to be paid at the standard rate. Please see Exhibit A for additional details.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL  
RESOLVES AS FOLLOWS:**

- Section 1. City Council hereby awards a maximum of 52.75 new SRCSD sewer credits to the project known as Marriott Residence Inn, located at 1501 L Street (APN #: 006-0122-010) at the northeast corner of the intersection of 15<sup>th</sup> and L streets.
- Section 2. Any and all credits awarded herein to each individual recipient shall expire if said individual recipient has not paid its requisite sewer impact fee to SRCSD within one year from the date of approval of this resolution.

Section 3. Any and all credits awarded herein to each individual recipient will expire if said individual recipient has not been issued a building permit for its respective above referenced development project within one year after the City Council has awarded use of the aforementioned sewer credits.

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**Exhibit A**

**HISTORY:**

The Marriott Residence Inn project originally applied for 96.24 Treatment Capacity Bank Credits in December 2003. Originally, the project proposed construction of 250 standard hotel rooms. The ESD quote was calculated using a rate of 0.40 ESD per hotel room, bringing the impact to 100.00 ESDs. The project also received 3.76 ESD credits from an existing church on the site. Resolution 2003-877 granted 96.24 Credits to the project on December 16, 2003.

In July 2006, the Economic Development Department received a new ESD quote from SRCSD describing new impacts from revisions to the project, which include: 235 extended-stay hotel rooms featuring kitchenettes, 30 residential condominium units, a ground-floor dine-in restaurant, and finalized square footages.

The revisions affected the new ESD quote, calculated using a rate of 0.75 ESD per hotel room and condominium unit, bringing the impact to 198.75 ESDs. Another 4.00 ESDs were included for the restaurant and the project received a credit of 3.76 ESDs from the existing church, bringing the total to 198.99. The final quote of 102.75 reflects an impact of 198.99 ESDs, of which 96.24 have already been paid.

After negotiations between the Economic Development Department and the project developers, the total sewer connection fee credits to be awarded was reduced to 52.75, leaving 50 ESDs to be paid at the standard rate of \$2,700 each. The total sewer connection fee for the project is \$183,688.25, reflecting a \$93,736.75 savings over the standard amount of \$277,425.00.

